

Diamond Peak Ski Resort Financial Information



Overview

- District established in 1961
- Originally focused on water and wastewater
- Public recreation added in 1965
- Beaches purchased from Crystal Bay Development Company (CBDC) in 1968
- CBDC dissolved, Recreation Fee established for debt service and beach maintenance
- Golf Courses, Ski Incline and Bowling Alley purchased in 1976. Recreation Fee increased to cover purchase costs
- Core park area purchased in 1977
- Tennis courts built in core area in 1978
- In 1991-92, the Recreation Center was built using mostly construction tax funds



Community Characteristics

- Approximately 7,000 year round residents
- Less than 50% of units occupied year round
- About half of the year rounds and renters
- Average age is 46
- 17% of population under 18
- 18% of population over 65
- 21.6% of households have children at home



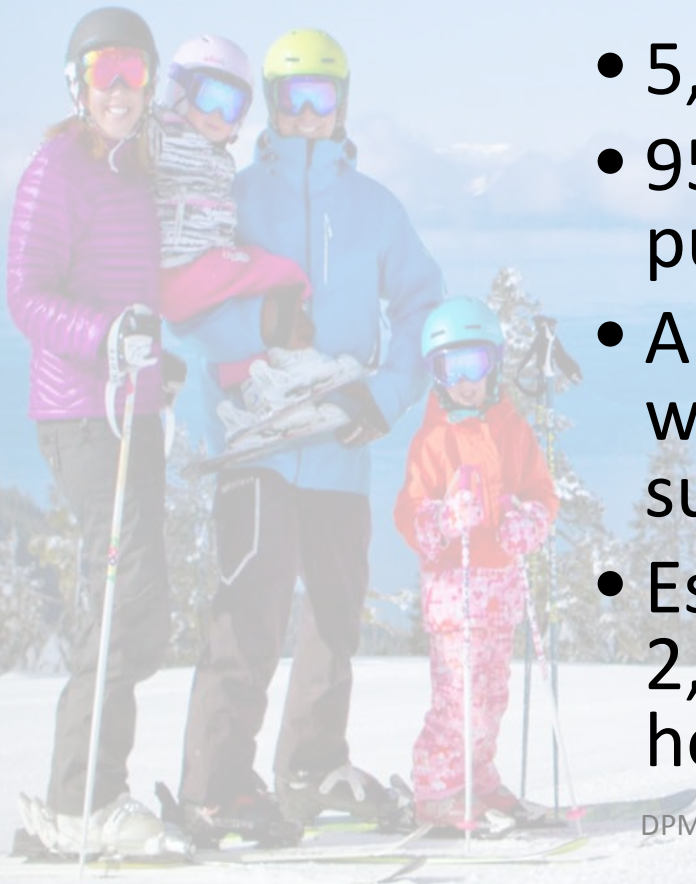
District Characteristics

- 8,180 Parcels subject to Recreation Fee
- 7,743 Parcels subject to Beach Fee
- 534 Commercial parcels
- 2,535 Owner occupied parcels
- 1,314 Renter occupied parcels
- 3,933 Seasonal units
- Estimate that 30 percent of Owner occupied parcels are also seasonal



District Characteristics (continued)

- 20,737 Picture Pass Holders
- 2,438 Picture Pass Holders are renters
- 5,790 Punch Cards
- 953 parcels with no passes or punch cards
- Approximately 500 hotel rooms with 1,000 visitors on holiday or summer weekends
- Estimate at least another 1,000-2,000 visitors in rental homes on holiday or summer weekends



Assets/Debt

- Unrestricted Net Position of \$20.2 million
- Total Indebtedness of \$14.0 million
- \$7.0 million in utility debt, \$456,000 payable in current year, remaining terms from 2023-2032
- \$7.0 million in recreation debt, \$1.8 million payable in current year. One bond terminates this year, one in 2018, and one in 2023
- Debt Service has been reduced by 50% since 2008
- Ski portion of debt is \$1.2 million in current year, \$924K from 2016-2018 and less than \$25K from 2019-2023

Budget

- Utilities: \$11 million in annual costs, self supporting
- Internal Services fund: \$2.1 million for fleet, engineering and buildings supported by other funds
- Community Services Fund: \$17.7 million supported by User Fees and Recreation Facilities Fee
- General Fund/Workers Comp: \$4.2 million supported by property taxes, combined taxes and other funds
- Beach Fund: \$1.5 million supported by Beach Facilities Fee
- Total Budget of \$36.4 million in Fiscal Year 2014-2015
- Five Year Capital Improvement Plan (CIP): Current year proposed expenditures of \$8.1 million included in Fund Budgets. Five year plan is \$52.7 million

Major Funding Sources

- User Fees: \$11.6 million for Community Services, \$650K for Beaches, \$10.6 million for the Utility Fund
- Property Taxes: \$1.4 million for General Fund
- Consolidated Taxes: \$1.25 million to General Fund
- Interfund Services: \$2.68 million, primarily to Internal Services Fund and Workers Compensation
- Central Services: \$1.1 million to the General Fund
- Facilities Fees: \$5.97 million to Community Services Fund and \$774K to the Beaches

Facilities Fees

- Established in 1968 to fund Debt Service and Operations for beach purchase
- Doubled from \$50 to \$100 per year per parcel when Golf Courses, Ski Incline and bowling alley were purchased
- Gradually increased over time for inflation and as additional amenities were added to the District
- Currently at \$830; has been this amount for the past five consecutive years
- Increased from \$275 in 1998 to \$830 in 2010
- Portion of Fee for beaches only charged to those with beach privileges; current Beach Fee is \$100

Facility Use by Pass Holders/Guests

- Champ Golf Course: 69% of 23,500 rounds
- Mountain Golf Course: 56% of 14,000 rounds
- Chateau: 48% of visitors to events
- Aspen Grove: 68% of users
- Recreation Center: 80%
- Parks: 69%
- Tennis: 90%
- Beaches: 100%
- Diamond Peak: 20%

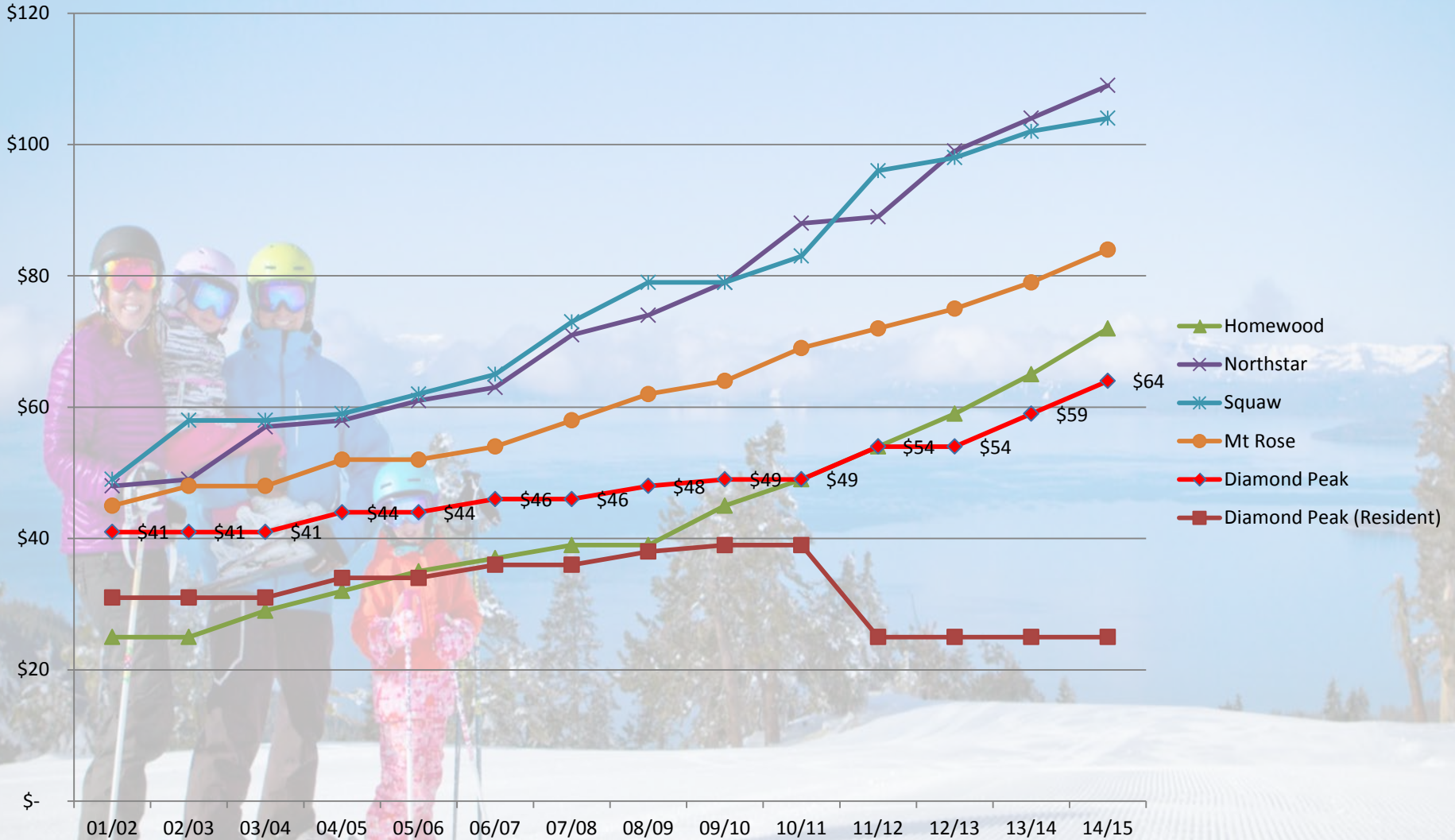
Facility Use by Pass Holders

- Championship Golf Course: 2,625 pass holders/1,775 parcels
- Mountain Golf Course: 2,373 pass holders/1,533 parcels
- Recreation Center: 3,891 pass holders/2,372 parcels
- Tennis: 394 pass holders/304 parcels
- Beaches: 14,588 pass holders/5,493 parcels
- Diamond Peak: 2,879 pass holders/1,901 Parcels

Ski Budget

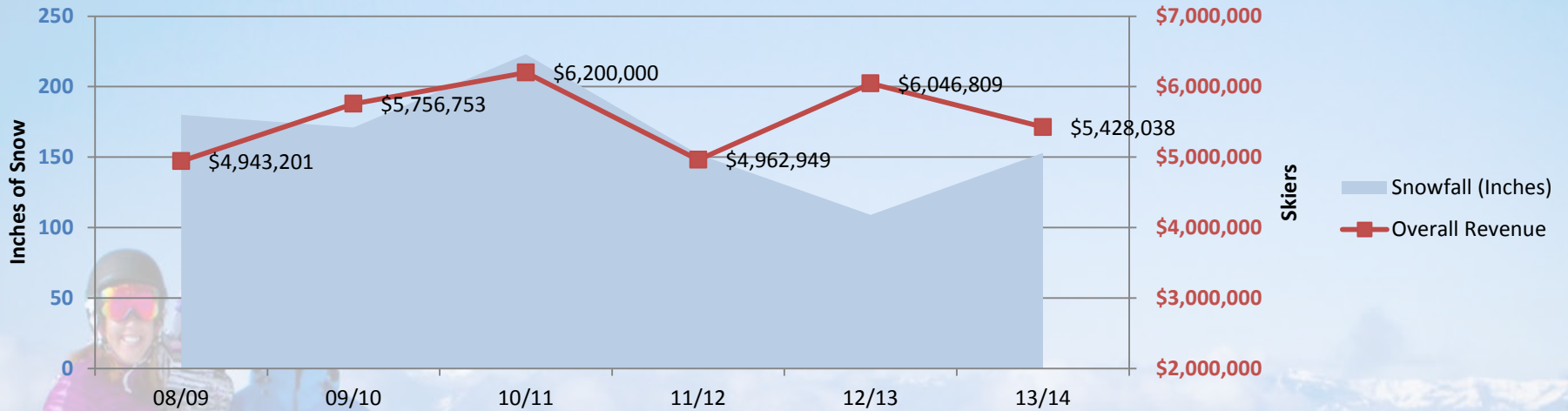
- 121 operating days
- 115,000 skier visits (108,000 median over past 30 years)
- 250 staff positions, converts to 60.4 Full Time Equivalents
- Downhill ski and snowboarding on 655 skiable acres, 30 runs, 7 lifts
- Snowmaking on 75% of the terrain
- Adult Ski School and Children's Ski Center
- Ski Rental Shop
- Food and Beverage
- Daily Shuttle and Hyatt Shop for rentals
- Snowflake Lodge and Retail Shop run by concessionaires

Year-On-Year Competitive Pricing

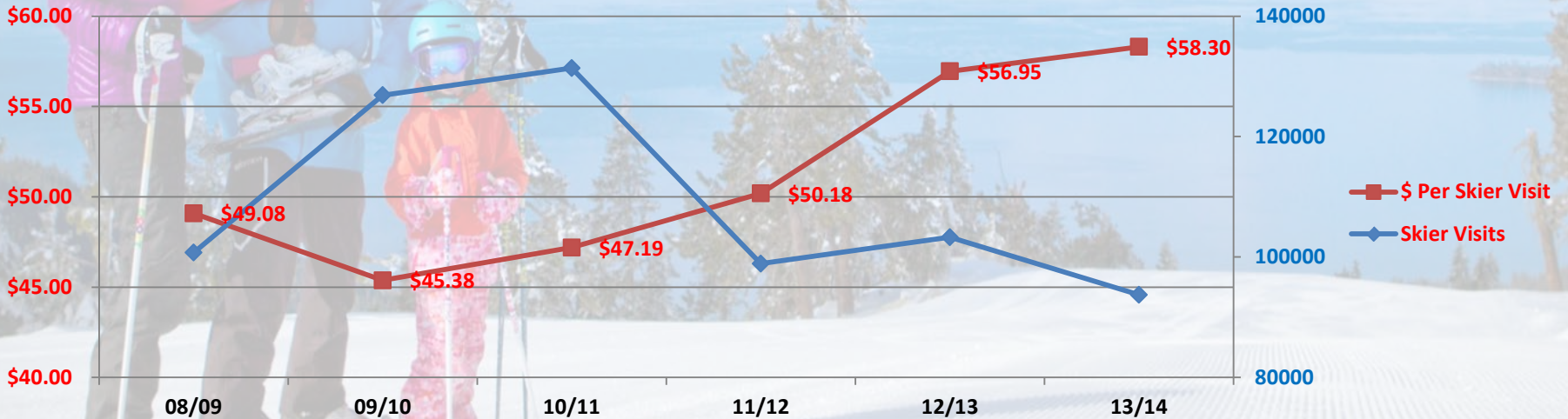


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Year-on-Year Snowfall versus Total Revenue



Year-on-Year \$ Per Skier versus Skier Visits



Major Operating Revenue Sources

- \$6.7 million in Operating Revenues
- \$3.6 million from Lift Tickets
- \$1.2 million from Ski School
- \$839K from Rentals and Repairs
- \$805K from Food and Beverage
- \$320K from Hyatt Lease
- Also receiving \$998K from Recreation Fee for payment of Debt Service

Major Operating Expenditures

- \$5.2 million in Operating Expenses
 - \$2.7 million in wages and fringe benefits
 - \$1.4 million for services and supplies
 - \$167K in insurance
 - \$558K for utilities
 - \$235K for cost of goods sold

Benchmark Assessment

- Compared operational characteristics to comparable ski areas in the region

Diamond Peak Ski Resort:

- ✓ Exceeded average in most categories
- ✓ Much higher in revenue per skier visit
- ✓ Well above average in Operating Profit Margin
- ✓ Below Average in Direct Labor Costs

Capital Expenditures

- \$1.6 million for CIP including two grooming vehicles (\$700K) and Culvert Repairs (\$250K), Master Plan (\$250K) and new Point of Sale System (\$100K)
- Five Year CIP of \$9.1 million, not including Master Plan. Major Expenditures in future years include \$3.6 million for culvert replacement, \$1 million for snowmaking replacements, \$960K for pavement maintenance, \$800K for ski rental equipment
- 20 year CIP is for \$18.8 million
- \$1.06 million in debt service principal
- \$182K in debt service interest

Budget Summary

- **\$6.7 million operating income**
- **\$5.2 million operating expenses**
- **\$1.5 million EBITDA**
- **\$1.0 million from Recreation Fee**
- **\$1.4 million in Capital Improvement Plan**
- **\$1.2 million in Debt Service**

30 Year Review of Income and Expenses

- Planning for ski area expansion began in 1985
- Expanded ski area opened in Fiscal Year 1987-88
- Reviewed all financials over that time period
- Looked at numbers in nominal terms and adjusted for inflation
- Financial reporting varied over that time, some numbers are close by not perfect



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30 Year Summary

- Only one year: 1989-90 when EBITDA was negative
- Average EBITDA as a percentage of revenue was 18%
- Median EBITDA was \$705,494
- Median EBITDA adjusted for inflation was \$889,500
- Median Skier Visits of 108,105
- Revenue per skier was \$15.75 in 1985, \$59.30 in 2014



30 Year Capital Expenditures



- \$35 million in capital expenditures
 - 87 Mountain expansion
 - Early 90s snowmaking
 - 95-96 Lakeview and Lodgepole Replacement
 - 99 Snowmaking upgrade
 - 2003 Crystal Express high speed quad
 - 2008 Lodge expansion
 - 2009 Snowmaking upgrade
 - 2010 new skier services building
- \$54.2 million in current dollars
 - Higher than general inflation rate

 **Diamond Peak Ski Resort** with Daniel Ram'G
November 1 at 11:52am · 🌐



 **Diamond Peak Ski Resort**
September 28 · 🌐

Snow this morning! <http://goo.gl/Wq3UJH>



 **Diamond Peak Ski Resort** at **Diamond Peak Ski Resort**
November 1 at 11:34am · 🌐

The mountain's white again!



Summary of Costs and Expenditures



- \$22.5 million in operating income over 30 year period
- \$35 million in capital investment during same period of time
- \$30 million in operating income when adjusted for inflation
- \$54 million in capital investment when adjusted for inflation
- Significant portion of capital investment has long remaining life including Lodge, Skier Services Building, Crystal Quad and Snowmaking Infrastructure



10 Year Analysis

- 105,239 average skier visits
- 4.86% annual increase in revenue per skier
- 5.25% annual increase in expenditures per skier
- \$9.9 million in net income
- \$15.5 million in capital expenditures including expanded main lodge and skier services building and upgraded snowmaking system
- One payment left on 2004 bond, 4 more payments on 2008 bond, eight small payments left on 2002 refinanced bond
- Total debt service during period of \$7.6 million

Next 14 Years

- Projecting 107,300 skier visits per year (below 30 year average)
- 3% annual increase in revenue per skier
- 3% annual increase in expenditures per skier
- \$17.8 million in net income – which is 16% percent EBITDA on Revenue, 30 year average of 18% and ten year average is 16%
- \$15.4 million in capital which is consistent with 20 year plan
- No New Debt Service anticipated, most of debt paid off by 2018, balance in 2023
- After 2018 Debt is paid, net cash flow including debt service and capital expenditures for final ten years is approximately \$6.1 million
- Total debt service during period of \$4.1 million

Any Questions?



PRAY FOR SNOW, PRAY FOR COLD!

Dr. MP Steering Committee Mtg. of
2/9/2015